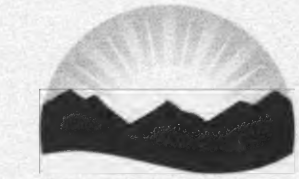
Industry Training Authority

2014/15 – 2016/17
ANNUAL SERVICE PLAN REPORT



BRITISH
COLUMBIA

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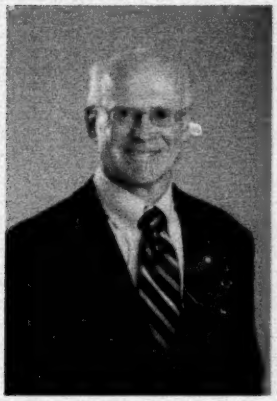
Board Chair's Message and Accountability Statement



Last year was one of significant change for the Industry Training Authority (ITA). A new Board of Directors was appointed to support implementation of a Transition Plan developed to respond to the McDonald Report recommendations and in alignment with *B.C.'s Skills for Jobs Blueprint*.

ITA has transformed its approach to industry outreach, linking labour market research and industry input to ensure evidence-based investment. Ten new Sector Advisory Groups now allow industry leaders to provide strategic advice on sectoral trades training. Four Industry Relations Managers are also now in place, along with fifteen new regional Apprenticeship Advisors. These new resources have enabled ITA to deepen connections with trades training stakeholders, and provide crucial supports for apprentices.

ITA's new *Action Plan for LNG Trades Training* is on track to respond to BC's evolving liquefied natural gas (LNG) sector. The newly developed Construction Craft Worker (CCW) program is BC's 48th Red Seal trade, and will train workers for the most in-demand of the LNG occupations. With the launch of the online Apprentice Job Match Tool, ITA and WorkBC are helping connect apprentices with potential sponsors, and building the skilled workforce we need.

A continued focus on youth engagement has paid dividends. In 2014/15, ITA exceeded a key performance target, with 57% of participants in Foundation programs continuing on to Apprenticeship programs. More than 8,300 students got a first-hand look at trades careers, participating in hands-on skilled trades activities at 31 *Yes 2 It* events around the province.

In 2014/15 ITA achieved, or was very close to achieving, five of the seven current performance measures. 9,958 sponsors were registered in 2014/15, outstripping the 2013/14 levels and dramatically exceeding the current target. While the ambitious target of 8,000 credentials issued was not met, the 7,514 credentials that were issued well exceeded the 2013/14 number. Employer and credential holder satisfaction with ITA credentials was also higher than the previous year, and the Sponsor Value Index remained stable, although both performance measures narrowly missed the 2014/15 target. The effectiveness of ITA's training delivery investment, measured by the capacity utilization scores, actually exceeded the target for the second straight year.

The Industry Training Authority 2014/15 Annual Service Plan Report compares the corporation's actual results to the expected results identified in the ITA Service Plan 2014/15-2016/17. I am accountable for those results as reported.

Gwyn Morgan, C.M.
Board Chair

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Purpose of the Organization

The Industry Training Authority (ITA) leads and coordinates British Columbia's skilled trades system. ITA works with employers, employees, industry, labour, training providers and government to issue credentials, manage apprenticeships, set program standards, and increase opportunities in the trades.

ITA's mandate and accountabilities are defined in Part 3 of the *Industry Training Authority Act*, and are elaborated annually through a letter of expectations signed by the board chair and the Minister of Jobs, Tourism and Skills Training.

Strategic Direction and Context

Strategic Direction

ITA's 2014/15 Government Letter of Expectations (GLE), signed January 28 (JTST) and February 13, 2014 (ITA), directed the Corporation to work closely with Government, training providers and industry to implement initiatives identified in the September 2013 Skills and Training Action Plan for BC, and directives issued in the June 2013, GLE. Specific focus was required on:

- Expanding opportunities for youth to start trades training prior to graduation, increasing the number of K-12 graduates entering trades programs and creating a seamless path for students from high school, through trades training and into the workforce.
- Improving online services and coaching supports, and implementing other apprenticeship reforms designed to drive an increase in the number of apprentice completions and employer/sponsor participation;
- Designing, evaluating and implementing flexible apprenticeship training initiatives;
- Developing and implementing competency-based assessment tools and processes to facilitate domestic and offshore recruitment and certification of semi-skilled trades workers.
- Developing an LNG Action Plan;
- Delivering programs to increase the number of youth, aboriginal people, women and immigrants accessing trades training throughout BC.

The GLE was followed by the Taxpayer Accountability Principles Addendum, signed by the Minister and ITA's newly constituted Board of Directors. The Addendum outlined the Board's responsibilities for ensuring implementation of the governance, accountability, cost control and other interests elaborated in the Taxpayer Accountability Principles.

Strategic Context

On April 29, 2014, the BC government made public the McDonald Report, as part of the *B.C.'s Skills for Jobs Blueprint*. Together, these documents set out a plan to develop a skilled workforce that is ready to meet the challenges of BC's expanding industry. The Industry Training Authority took specific direction from these documents, and embarked on an ambitious realignment of their industry relations functions, resources and programming to support McDonald Report recommendations and Blueprint initiatives.

The Corporation welcomed a new Board of Directors in May, 2014, to lead the changes needed to strengthen the apprenticeship system. As recommended in the McDonald Report, ITA Executive worked with the new Chair and Board to develop and implement a 90-Day Transition Plan that outlined an approach to engage industry in the implementation of the Blueprint commitments and remaining recommendations. The plan focused on four priority action areas:

1. **Launch LNG Action Plan:** In September, 2014, ITA released an Action Plan for LNG Trades Training, developed in consultation with industry, and aligned with regional and sectorial demands. The Plan contained eight confirmed and eight proposed actions to support the trades training requirements of the LNG sector.

2. **Re-Align Training Investment:** ITA continues to work with government to develop and establish a transparent process for making training investment decisions aligned with labour market demand targets.

3. **Transform Industry Relations:** ITA has introduced a broader industry engagement approach to ensure alignment of BC's training system with industry demand. Ten new Sector Advisory Groups – representing BC's key industries – are in place, along with a new team of Industry Relations Managers.

4. **Enhance ITA Capability:** Functions carried out by the Industry Training Organizations (ITOs) were transferred into ITA by October 31, 2014. ITA now has 15 regional Apprenticeship Advisors, including five with Aboriginal subject matter expertise. ITA will also ensure that it has the capability needed to deliver on other government expectations.

Report on Performance

ITA's performance closely matched the Government's Letter of Expectations. The organization met, exceeded or came close to meeting five of the seven performance measure outlined below. ITA continues work to implement the Taxpayer Accountability Principles outlined in the addendum to the Government's Letter of Expectations. ITA's Board and its entire staff have signed the updated Code of Conduct and Conflict of Interest Policy. ITA continues to work closely with the Ministry of Jobs, Tourism and Skills Training in developing and implementing initiatives linked to the Taxpayer Accountability Principles.

Goals, Strategies, Measures and Targets

Goal 1: Effectively represent the voice of industry within the BC skills training system.

Strategies:

- Expand our engagement strategy across the province to ensure, on an ongoing basis, a high level of industry input to better inform the training system.

- Work with industry to expand our ability to collect, evaluate and process industry intelligence to complement existing labour market information, and conduct relevant and high quality research.

Performance Measure 1.1: Satisfaction with ITA representation of industry
The independent review, *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance* (2014), recommended that ITA refocus its industry engagement framework. As a result, ITA will continue to work with industry sector advisory groups to review appropriate industry engagement measures and will replace this with an improved measure once the sector advisory groups have provided feedback.

Performance Measure	2012/13 Actual	2013/14 Forecast	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Satisfaction with ITA representation of industry	N/A	N/A	Establish Benchmark	To be reviewed by sector advisory groups	To be reviewed by sector advisory groups	To be reviewed by sector advisory groups

Goal 2: ITA credentials are valued by industry and individuals, and align with the economic needs of BC.

Strategies:

- Continue to promote training participation and sponsorship, in partnership with government and other stakeholders.
- Expand flexible learning options to reduce the time away from the workplace.
- Continue to align training with labour market information and provide regional training opportunities.
- Continue to expand implementation of standard level exams and ensure consistent assessment of apprentices at each level of training.
- Expand industry required non-trades certification process, where applicable.

Goal 2 Performance Measures

Performance Measure 2.1: Credentials Issued

Each credential issued verifies that an additional member of the workforce possesses the occupational skills needed to carry out a particular trade. This benefits both the individual and the employer. Credentials issued are the culmination of ITA's work. All other performance measures either influence outcomes on this measure or indicate the efficiency with which it is being achieved.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Credentials Issued	8,042	7,059	**8,000**	**7,514**	8,250	8,750

Discussion

- Over the past year, ITA issued 6.4% more credentials than 2013/14. However, the increase fell short of the targeted 11.8% increase to 8,000.
- This is the first year of increase after two years of decline, due largely to market conditions following the 2008 and 2009 economic downturn.
- ITA anticipates that a portion of apprentices who delayed their training during the economic downturn will be issued credentials at a later time and that the total number of credentials issued will continue to grow.
- ITA has deployed new Apprenticeship Advisors to support apprentices and sponsors along with a new Manager of Apprentice Completions and anticipates that with these resources in place, the number of credentials issued will continue rising.

Performance Measure 2.2: ITA Investment per Credential Issued

This measure is the ratio of total ITA expenditures to total credentials issued in a given year. Targets are therefore a function of projected expenditures and targeted credentials issued in future years. As the investment targets are inherently linked to the number of credentials issued, achievement of this measure is directly dependent on the number of credentials used.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
ITA Investment per Credential Issued	$13,190	$15,494	**$12,057**	**$13,962**	$11,570	$10,909

Discussion:

- In this measure of efficiency, ITA managed to reduce its investment per credential by 9.9 per cent. However, the measure fell short of its targeted reduction of 22.2 per cent.
- The lower number of credentials issued in 2014/15 (explained in the discussion above) compared to forecast figures negatively impacted ITA's performance against this measure.
- ITA's core budget has remained consistent with previous years.
- ITA is improving its training investment framework and will roll out enhancements in 2015/16 to ensure training investments are efficient and responsive to labour market demands.

Performance Measure 2.3: Satisfaction with ITA Credentials

This measure focuses on ITA's primary output, and informs continuous improvement efforts. The satisfaction index is comprised of employer or credential holder satisfaction and importance ratings on the following statements about ITA credentials:

Employers

- An ITA credential signals that the holder is able to meet the skill needs of your company
- An ITA credential signals that the holder will increase your company's profitability
- An ITA credential is valued and requested by your customers

Credential Holders

- ITA credential signals to employers that you are able to meet their skills needs
- ITA credential gives you a competitive advantage for employment or promotion
- ITA credential increases your earning potential
- ITA credential allows you to work in other parts of Canada or abroad

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Satisfaction with ITA Credentials[1]						
• Employers	78%	77%	**80%**	**79%**	80%	80%
• Credential Holders	86%	84%	**86%**	**85%**	86%	86%

Discussion:

- 820 credential holders and 308 employers completed ITA's performance measurement survey in December 2014.
- Rates of Satisfaction with ITA Credentials for both credential holders and employers were one per cent below target levels but within the margin of error (+/-3.4 per cent for credential holders; +/-5.6 per cent for employers) and so can be considered consistent with the targets outlined in the Service Plan.

Goal 3: Skills recognition and training pathways to ITA credentials are effective and meet the needs of industry.

Strategies:

- Continue to implement enhanced supports for both apprentices and sponsors.
- Continue to expand and accelerate the development and implementation of competency-based assessments, providing an alternative credentialing pathway for those with existing skills (including skills acquired outside BC).
- Accelerate time to completion by increasing flexible learning opportunities where supported by industry.

[1] Percentages reflect weighted ratings relative to several potential outcomes of holding a credential, including signaling to employers an ability to meet skill needs, competitive employment advantage, and contribution to earning potential and employer profitability.

- Sustain and continue to refine youth strategy with a particular focus on continuation from high school to apprenticeship.
- Foster stronger relationships with industry, training organizations and labour, with a focus on increasing the number of employer sponsors and improve the completion rates of apprentices.

Performance Measure 3.1: Total Registered Sponsors

The number of sponsors is an approximate indication of the availability of employers and sponsors to support the work-based training portion of the apprenticeship. Targets are aligned with the target for the number of credentials issued, and the level of sponsorship participation required to support it, as well as industry hiring capacity.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Total Registered Sponsors	9,188	9,548	**9,500**	**9,958**	9,700	9,900

Discussion:

- For the second consecutive year, ITA exceeded its target measure for the number of registered sponsors.
- ITA has enhanced its outreach efforts to sponsors through newly-hired Managers of Industry Relations and 15 regionally-based Apprenticeship Advisors who provide on-the-ground sponsor support.
- New sponsor recognition programs have helped grow recognition of the value of apprenticeship and grow sponsorship.
- New sponsor supports such as the Employer Guidebook has provided sponsors with more resources to manage apprenticeships and the new online Apprentice Job Match tool helps match potential sponsors with potential apprentices.

Performance Measure 3.2: Sponsor Value Index

This is a composite measure of employers' perceptions of the benefits they gain from their investment in sponsoring and training apprentices. It is intended to inform ITA's continuous improvement efforts. The Sponsor Value Index is developed from employers' satisfaction and importance ratings on four statements:

- The training your apprentices receive aligns with the skill needs of your company.
- Apprentices increase your company's profitability.
- Apprenticeship training provides your company with a recruiting and retention advantage.
- The administrative requirements of sponsoring apprentices are manageable.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Sponsor Value Index[2]	76%	77%	**78%**	**77%**	79%	80%

Discussion:

- The result is based on a December 2014 survey of 843 sponsors.
- The Sponsor Value Index target for 2014/15 is one per cent below target but within the margin of error (+/-3.4 per cent for current sponsors; +/-8.7 per cent for lapsed sponsors) and so can be considered consistent with the targets outlined in the Service Plan.
- Overall, the majority of sponsors remain satisfied/very satisfied with apprenticeship value in each of the four measurement areas making up the index.
- Sponsors were most satisfied with apprenticeship training's alignment with their companies' skill needs as well as the manageable administration requirements associated with sponsorship.
- ITA utilizes the Sponsor Value Index as well as the component variables and other survey data to inform continuous improvement efforts.

Performance Measure 3.3: Continuation from Foundation to Apprenticeship

This measure reflects ITA's emphasis on ensuring pre-apprenticeship programs are closely workplace-linked, focused on trade-specific job-readiness and provide effective pathways to apprenticeship. Targets reflect achievable and meaningful levels of continuous improvement and align with the targeted number of credentials issued over time.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Continuation from Foundation to Apprenticeship[3]	51%	54%	**53%**	**57%**	54%	54%

Discussion:

- Continuation Rates from Foundation Programs into Apprenticeship have been on an upward trend and have risen by six percentage points since 2012/13.
- For the second straight year, the Continuation Rate rose by three percent over the previous year, and exceeded ITA's target by four percent.

[2] Score reflects weighted ratings relative to several aspects of sponsorship value including contribution to profitability, recruitment and retention advantage, and manageable administrative requirements.
[3] This measure is based on continuation by participants in Foundation programs.

ITA has worked closely with training providers to ensure Foundation participants are being adequately prepared for Apprenticeship in order to maximize investment in those training spaces and in 2015/16 ITA will unveil new incentives that will continue improving the continuation rate.

Performance Measure 3.4: Capacity Utilization

The percentage of seats filled in ITA-funded technical training programs is one measure of the efficiency with which funding is allocated within the training delivery budget.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Capacity Utilization	89.6%	90.5%	**88.0%**	**90.2%**	88.5%	90%

Discussion:

- Training delivery investment saw actual utilization rates finish above the target for the second straight year.
- ITA worked with training providers to implement new mechanisms that ensure training investments go towards in-demand programs, which helps to increase capacity utilization.
- For every one per cent increase in capacity utilization, more than 200 additional people are trained.

Financial Report

Management Discussion and Analysis

Revenues

Consistent with prior years, ITA's 2014/15 revenues consisted mainly of core funding of $94.4 million from the provincial government.

ITA received $9 million in funding through the Canada- British Columbia Job Fund (CJF), to support the engagement and training of under-represented groups in the trades: women, new Canadians and Aboriginal people. The decline from the $14.8 million level of funding in 2013/14 reflects the transition period between the expiry of the BC Canada Labour Market Agreement on March 31, 2014 to the newly negotiated Canada-British Columbia Job Fund (starting April 1, 2014).

ITA generated approximately $1 million through assessments, investment income and royalties – revenues that fund the production of learning resources, and the management of certification and level exam challenge assessments.

Expenditures

Expenditures in 2014/15 reflect a continued focus on industry engagement, youth engagement, accessibility of training to under-represented groups, and apprenticeship awareness and outreach programs, in line with the Government's Letter of Expectations and the 2014/15 Service Plan. Historically, ITA, through several Industry Training Organizations (ITOs), had focused significant investment towards updating all program standards. As a result of the McDonald Report released in May 2014, ITA discontinued the ITO service contracts. Services formerly provided by the ITOs were brought in house, including: industry engagement, program standard development and challenge assessments. ITA increased its staff complement by 35 employees, predominantly in industry and apprentice support and program development roles. This allowed ITA to provide more efficient and effective service to industry and apprentices, to manage program development and to simultaneously redirect over $1 million towards youth engagement, and outreach programs.

ITA realigned its financial resources in the 2014/2015 Service Plan to achieve the outcomes articulated in the Government's Letter of Expectations.

2014/2015 Surplus

Effective surplus management strategies resulted in a surplus of $191 thousand, a significant decline from the 2013/14 level of $1.2 million.

As a crown agency, ITA is precluded from incurring debt, and annual operating surpluses are transferred to accumulated surplus, which is restricted to expenditures for capital assets.

At the end of fiscal 2014/15, ITA had an accumulated surplus of $22 million. Approximately $2 million was directed towards office expansion to accommodate new staff and additional space and meeting rooms required for operations. The $2 million consists of $1.2 million in lease improvements and $800,000 in equipment and furniture. However, the latter will be offset by $800,000 in tenant inducements from the building landlord. ITA will record the tenant inducements as deferred revenue on the Statement of Financial Position, and will recognize equal amounts as revenue over the term of the lease to 2024, meaning the net overall capital cost for the expanded space will be $1.2M.

An additional $500 thousand was used to begin the development of a new digital platform designed to increase industry, apprentice and youth engagement, improve customer service, and provide ITA with business intelligence to better align training investment with market demand. Going forward, the accumulated surplus will be used primarily to further enhance the new digital platform.

Future Financial Outlook

ITA will continue to work with the Ministry of Jobs, Tourism, Skills and Training to advance government priorities and direction articulated in the Government's Letter of Expectation, the 2014 *McDonald Report*, and *BC's Skills for Jobs Blueprint*. This includes continued implementation of the Youth Apprenticeship Strategy which will create expenditure pressures for ITA.

ITA investments in a new digital platform will facilitate industry, apprentice and youth engagement, while providing business intelligence to ITA. This will further allow ITA to continuously adjust and

align training investment with demand and provide a world class apprenticeship management system. The technology will be deployed in stages over three years.

As of the date of this report, ITA had received interim Canada Job Fund (CJF) funding for 2015/16 of $1.4 million. The CJF is currently in the process of finalizing its procurement process and ITA expects to receive further funding to continue its work with underrepresented groups including women, immigrants and aboriginal people.

Other Areas
Major expenditure categories for ITA in 2014/15 included training delivery, labour supply initiatives, assessment and certification, industry engagement and core expenditures.

Accumulated surplus will continue to be used primarily to build and enhance the new digital platform. ITA had no capital projects greater than $50 million in 2014/15.

Trends, Risks and Opportunities
As a result of ITA's mandate review, in 2014/15 ITA engaged in a review of its training investment process. Through consultation with industry and training providers, ITA has proposed a new, more flexible funding framework that better aligns investment with labour market demand, incents outcomes, has accountability measures built in, and is a multi-year approach to funding. The new framework also recognizes and adjusts for the increased delivery cost of programs, currently funded at levels set over a decade ago. Once approved, this framework will be introduced in 2015/16 and will become effective 2016/17.

For 2015/16, ITA's training investment will continue to be aligned with the regional economic needs of British Columbia as identified in the Province's labour market information. However, certain aspects of the new framework will be introduced and piloted this year. The funding will remain at $78 million, representing over 80% of the core budget, with an additional $3.5 million made available through the Labour Market Demand Fund. The funding will be focused on high priority sectors and the expected high demand jobs, and program parameters will be adjusted to also support innovative models of delivery. Training investment for apprentices is already aligned to demand, as apprentices have jobs. Foundation investment will be focused on high demand trades, and on programs that lead to higher completion rates and entrance into the apprenticeship programs. Training investment for labour supply target areas – such as youth and underrepresented groups – will be focused towards improving continuation rates into the apprenticeship pathway.

The number of ITA credentials issued increased by 6% over 2013/14 and the number of registered sponsors increased by 5%. This can be attributed to BC's strengthening economy, as well as focused industry engagement efforts within ITA. Future performance targets are on an upward trend, reflective of the strengthening provincial economy.

Financial Resource Summary Table

$ millions	2009/10* Actual	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Budget	2014/15 Actual	2014/15 Variance to Budget	2014/15 Variance to Prior Year	2015/16 Budget	2016/17 Budget
FUNDING & REVENUES:											
Ministry - General Funding	94.444	94.444	94.444	94.444	94.444	94.444	94.444	-	-	94.444	94.444
Ministry - Other Funding & Grants	18.370	17.152	12.553	13.979	14.842	6.792	9.204	2.412	(5.638)	-	-
Federal Funding	0.097	0.634	0.192	0.098	0.009	-	0.007	0.007	(0.002)	-	-
Other Revenue	0.863	1.036	1.100	1.208	1.329	1.285	1.452	0.167	0.123	1.346	1.346
Total Funding & Revenues	113.774	113.266	108.289	109.729	110.624	102.521	105.107	2.586	(5.517)	95.790	95.790
EXPENDITURES:											
Engage Industry	3.403	3.621	3.382	1.662	2.828	1.584	1.547	(0.037)	(1.281)	1.016	1.016
Define Standards	1.816	3.091	3.744	4.028	3.090	2.667	2.161	(0.506)	(0.929)	1.826	1.826
Deliver assessments and certification	1.455	1.838	1.056	0.968	2.014	2.627	2.117	(0.510)	0.103	2.824	2.824
Invest in Training Pathways	95.245	93.049	87.286	91.304	93.066	85.273	87.655	2.382	(5.411)	79.080	79.080
Customer Support	1.521	1.499	1.439	1.445	1.157	2.482	2.315	(0.167)	1.158	3.135	3.135
Communicate	0.736	0.551	1.042	1.375	1.596	1.525	2.619	1.094	1.023	0.776	0.776
Business Support	7.456	6.247	5.337	5.371	5.621	6.363	6.502	0.139	0.881	7.133	7.133
Total Expenditures	111.632	109.896	103.286	106.153	109.372	102.521	104.916	2.395	(4.456)	95.790	95.790
Net Income	2.142	3.370	5.003	3.576	1.252	-	0.191	0.191	(1.061)	-	-
Total Liabilities	6.039	5.248	6.993	6.791	4.709	4.500	5.565	1.065	0.856	4.500	4.500
Accumulated surplus	6.340	12.383	17.386	20.962	22.214	22.214	22.405	0.191	0.191	22.214	22.214

** 2010 was prepared based on Not for Profit Canadian Generally Accepted Accounting Principles. Mobile trainer loss on transfer to Nicola Valley Institute of Technology included in Business Support.*

2011-2018, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP - PSAB).

2009-2011 Deliver Assessment and Certification compensation was not tracked separately from Customer Support

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015

Management's Report

Management's Responsibility for the Financial Statements

THE FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT IN ACCORDANCE WITH CANADIAN PUBLIC SECTOR ACCOUNTING STANDARDS AND THE INTEGRITY AND OBJECTIVITY OF THESE STATEMENTS ARE MANAGEMENT'S RESPONSIBILITY.

Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements at every meeting and external audited financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Industry Training Authority and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Industry Training Authority

Gary Herman
Chief Executive Officer
May 14, 2015

Farnaz Riahi CPA,CA
Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Industry Training Authority

We have audited the accompanying financial statements of the Industry Training Authority, which comprise the Statement of Financial Position as at March 31, 2015 and the Statement of Operations and Changes in Accumulated Surplus, Changes in Net Financial Assets and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Industry Training Authority as at March 31, 2015 and its results of operations, changes in net financial assets, remeasurement gains and losses and cash flows for the year ended March 31, 2015, in accordance with Canadian public sector accounting standards.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
May 14, 2015

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Industry Training Authority
Statement of Financial Position
As at March 31, 2015
in thousands of dollars

	Note	March 31, 2015	March 31, 2014
Financial Assets			
Cash		18,759	17,813
Accounts receivable		33	282
Due from government/other government organizations	3	2,386	4,198
		21,178	22,293
Liabilities			
Accounts payable and accrued liabilities	4	2,815	2,772
Due to government/other government organizations	6	2,342	1,543
Deferred revenue	7	408	394
		5,565	4,709
Net financial assets		15,613	17,584
Non-financial assets			
Tangible capital assets	9	5,958	3,927
Prepaid expenses		834	703
		6,792	4,630
Accumulated surplus		**22,405**	**22,214**
Contractual obligations	10		

The accompanying notes are an integral part of these financial statements.

Gywn Morgan, Board Chair

MJ Whitemarsh, Audit Committee Chair

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Industry Training Authority
Statement of Operations and Changes in Accumulated Surplus
For the Year Ended March 31, 2015
in thousands of dollars

	Note	Budget (Note 13)	March 31, 2015	March 31, 2014
Revenues				
Provincial general funding		94,444	94,444	94,444
Provincial grants and other		6,792	9,204	14,842
Federal funding received		-	7	9
Operating		350	470	429
Fees		400	477	415
Investment income		460	452	431
Other		75	53	54
		102,521	105,107	110,624
Expenses	*11*			
Engage industry (non standards work)		1,584	1,547	2,828
Define standards		2,667	2,161	3,090
Deliver assessments and certification		2,627	2,117	2,014
Invest in training pathways		85,273	87,655	93,066
Customer support		2,482	2,315	1,157
Communicate		1,525	2,619	1,596
Business support		6,363	6,502	5,621
		102,521	104,916	109,372
Annual surplus		-	**191**	**1,252**
Accumulated surplus at the beginning of the year			22,214	20,962
Accumulated surplus at end of year			**22,405**	**22,214**

The accompanying notes are an integral part of these financial statements.

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Industry Training Authority
Statement of Changes in Net Financial Assets
For the Year ended March 31, 2015
in thousands of dollars

	Budget (Note 13)	March 31, 2015	March 31, 2014
Annual operating surplus	-	191	1,252
Acquisition of tangible capital assets	(3,164)	(2,875)	(515)
Amortization of tangible capital assets	930	844	743
Write-downs on tangible capital assets	-	-	-
	(2,234)	(2,031)	228
Acquisition of prepaid expense	-	(131)	(332)
Increase (decrease) in net financial assets	(2,234)	(1,971)	1,148
Net financial assets at beginning of year	17,584	17,584	16,436
Net financial assets at end of year	**15,350**	**15,613**	**17,584**

The accompanying notes are an integral part of these financial statements.

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Industry Training Authority
Statement of Cash Flows
in thousands of dollars

	March 31, 2015	March 31, 2014
Operating transactions		
Annual surplus	191	1,252
Non-cash items included in annual surplus increase/(decrease):		
Amortization	844	743
Change in prepaid expenses	(131)	(332)
Change in receivables	2,061	3,245
Change in payables and accrued liabilities	842	(2,029)
Change in deferred revenue	14	(53)
Cash provided by operating transactions	3,821	2,826
Capital transactions		
Cash used to acquire tangible capital assets	(2,875)	(515)
Cash applied to capital transactions	(2,875)	(515)
Increase in cash during the year	946	2,311
Cash at beginning of year	17,813	15,502
Cash at end of year	**18,759**	**17,813**

The accompanying notes are an integral part of these financial statements.

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Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

1. Nature of Operations

Industry Training Authority (ITA) is a Crown agency established on January 2, 2004 and operates under the authority of the *Industry Training Authority Act*. ITA reports to the Legislative Assembly through the Ministry of Jobs, Tourism and Skills Training. The mandate of the ITA is to oversee occupational standards, credentialing, and apprenticeship for skilled trades and occupations in demand by industry and the BC labour market. It serves the public interest ensuring industry standards and credentials are in place for skilled trades and occupations, while providing individuals with accessible technical apprenticeship training opportunities that are closely linked to workplace opportunities. These services are grouped into the following key areas: standards, industry engagement, credential awareness, assessment and certification, training delivery and labour supply initiatives.

On April 29, 2014 the Province announced it was accepting all recommendations made by Independent Review Lead Jessica L. McDonald in her report: *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance*. While ITA's current role was re-confirmed, implementation of the report's recommendations will have an impact on the operations of ITA.

ITA is exempt from income taxes under the *Income Tax Act*.

2. Summary of Significant Accounting Policies

a. Basis of accounting

The financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

b. Tangible capital assets

Tangible capital assets are recorded at cost, which included amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of assets.

The cost, less residual value, of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Computer hardware and software	3-10 years
Leasehold improvements	10 years

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

2. Summary of Significant Accounting Policies – continued

Amortization is charged from the date the asset is put into use until it is taken out of use. Assets under construction are not amortized until the asset is put into productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to ITA's ability to provide credentials and services. The net write-downs are accounted for as expenses in the statement of operations.
Transfers of capital assets from related parties are recorded at carrying value. ITA has recorded additions relating to computer software for apprenticeship records at carrying value.

e. Employee future benefits

i. The employees of ITA belong to the Public Service Pension Plan, which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint trustee board of the plan determines the required plan contributions annually.

The contribution of ITA to the plan is recorded as an expense for the year.

ii. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for the coverage of employees during the period.

d. Prepaid expenses

Prepaid expenses include payments to private trainers for classes spanning the fiscal year end as well as other operational expenses and are charged to expense over the periods expected to benefit from the prepaid.

e. Revenue recognition

Revenues are recognized in the period when the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and are taken into revenue in the statement of operations as the stipulation liabilities are settled.

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Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

2. Summary of Significant Accounting Policies – continued

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue in the period when they are used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

g. Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions.

Monetary assets and liabilities denominated in a foreign currency are translated at the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in profit or loss in the period in which they arise.

h. Financial instruments

The fair value of a financial instrument is the estimated amount that ITA would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, accounts receivable, due from government/other government organizations, accounts payable and accrued liabilities, due to government/other government organizations approximate their carrying values given their short-term maturities.

i. Measurement uncertainty

The preparation of financial statements is in conformity with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include: collectability of accounts receivable and due from

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

2. Summary of Significant Accounting Policies – continued

government/other government organizations, the useful life of tangible capital assets and rates for amortization.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Due from Government and Other Government Organizations

	(in $ thousands)	
	Mar 31, 2015	**Mar 31, 2014**
Provincial government	2,211	4,026
Federal government	175	135
Other government organizations	-	37
	2,386	**4,198**

4. Accounts Payable and Accrued Liabilities

	(in $ thousands)	
	Mar 31, 2015	**Mar 31, 2014**
Accounts payable and accrued liabilities	2,681	2,653
Salaries and benefits payable	11	14
Accrued vacation pay	123	105
	2,815	**2,772**

5. Employee Future Benefits

ITA and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pensions Act*. BC Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

Information about obligations for retirement benefits and other employee future benefits is as follows:

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

a. Retirement and other employee future benefits – pension plan

ITA and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pensions Act. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 9.43% (2014: 9.43%). ITA's maximum contribution rate is 10.93% (2014: 10.93%). During the year ended March 31, 2015, ITA contributed $526 (2014: $370) to the plan. These contributions are ITA's pension benefit expense. No pension liability for this type of plan is included in the financial statements. An actuarial valuation is conducted every three years to assess the financial position of the Public Service Pension Plan's (PSPP's) pension fund. The latest actuarial valuation as at March 31, 2014 indicated a funding surplus of $392,000 for basic pension benefits on a going concern basis. The actuary does not attribute portions of the unfunded liability to individual employers. The next valuation will be as at March 31, 2017, with results available in early 2018.

b. Long-term disability life insurance and health care benefits

ITA provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carrier waives the life insurance premium for employees on long-term disability; however, ITA is responsible for the payment of the premium costs of medical, dental and Medical Services Plan under this plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured through employee paid contributions and are not included in this plan.

6. Due to Government and Other Government Organizations

	(in $ thousands)	
	Mar 31, 2015	**Mar 31, 2014**
Federal government	1	2
Provincial government	361	496
Other government organizations	1,980	1,045
	2,342	**1,543**

ITA's liabilities to government and other government organizations are all amounts payable that are due within 30 days. Other government organizations includes: colleges, universities and school districts.

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

7. Deferred Revenue

	(in $ thousands)			
	Balance Apr 1, 2014	**Receipts**	**Transferred to revenue**	**Balance Mar 31, 2015**
Tenant inducement Richmond office	394	-	53	341
Province - trades sector alignment	-	105	38	67
	394	105	91	408

ITA received $530 in tenant inducements for leasehold improvements to the Richmond office in fiscal 2012. This revenue is being deferred and recognized over the term of the lease. ITA received $105 from the province's Labour Market Program in fiscal 2015 for trades sector alignment.

8. Fiscal Risk Management

a. Financial management risk objectives and policies

In the normal course of operations, ITA is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk and liquidity risk.

b. Credit risk

Credit risk is the risk that the ITA's counterparties will fail to meet their financial obligations to the ITA, causing a potential financial loss.

Accounts receivable primarily consists of amounts due from other governments; therefore, collection risk is low. ITA does not consider its exposure to credit risk to be material.

c. Liquidity risk

Liquidity risk is the risk that the ITA may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost effective manner to meet its commitments as they come due.

ITA has in place a planning, budgeting and forecasting process to determine the funds required to support the ITA's normal operating requirements. ITA's annual budgets are approved by the Board of Directors.

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

9. Tangible Capital Assets

2015 (in $ thousands)

	Furniture and equipment	Computer hardware and software	Leasehold improvements*	March 31, 2015 Total
Cost				
Opening Balance	528	7,009	604	8,141
Additions	790	920	1,165	2,875
Disposals	-	-	-	-
Closing Balance	**1,318**	**7,929**	**1,769**	**11,016**
Accumulated Amortization				
Opening Balance	429	3,631	154	4,214
Additions	92	682	70	844
Disposals	-	-	-	-
Closing Balance	**521**	**4,313**	**224**	**5,058**
Net book value	**797**	**3,616**	**1,545**	**5,958**

* Subsequent to year end ITA will be collecting $815 in tenant inducement.

2014 (in $ thousands)

	Furniture and equipment	Computer hardware and software	Leasehold improvements	March 31, 2014 Total
Cost				
Opening Balance	481	6,545	600	7,626
Additions	47	464	4	515
Disposals	-	-	-	-
Closing Balance	**528**	**7,009**	**604**	**8,141**
Accumulated Amortization				
Opening Balance	349	3,028	94	3,471
Additions	80	603	60	743
Disposals	-	-	-	-
Closing Balance	**429**	**3,631**	**154**	**4,214**
Net book value	**99**	**3,378**	**450**	**3,927**

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Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

10. Contractual Obligations

ITA has entered into a number of multiple-year contracts for operating leases for premises. The lease commitments are for space costs and exclude operating costs. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	(in $ thousands)					
Contractual obligations	**Mar 31, 2016**	**Mar 31, 2017**	**Mar 31, 2018**	**Mar 31, 2019**	**Mar 31, 2020**	**There-after**
Office leases	**433**	**415**	**418**	**415**	**426**	**2,112**

11. Expenses by Object

The following is a summary of expenses by object:

	(in $ thousands)	
	Mar 31, 2015	**Mar 31, 2014**
Training provider services (including Youth)	78,354	83,273
CJF contractor services (Aboriginal, Immigrant and Women)	8,752	9,338
Compensation and staff development	7,242	5,400
Communications, website and brand awareness	2,067	1,080
Other operating costs	2,295	1,782
ITO-delivered services	1,960	5,200
Information systems / telecommunications	1,526	1,239
Other administrative costs	1,311	907
Amortization	844	743
Building occupancy	565	411
Gain on disposal/writeoff	-	(1)
	104,916	**109,372**

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

12. Related Party Transactions

ITA has the following transactions with the government and other government controlled organizations.

Ministry of Jobs, Tourism and Skills Training		
- core funding	94,444	94,444
- projects CJF/LMA, ECP	9,204	14,674
Ministry of Innovation, Technology & Citizens' Services	470	429
Ministry of Advanced Education	-	168
	104,118	**109,715**
Transfers to:		
Post secondary institutions	70,245	75,698
School districts	4,385	4,910
Ministry of Innovation, Technology & Citizens' Services	670	687
Ministry of Education	627	647
Public Service Pension Plan	526	370
BC Stats	19	19
Ministry of Health	86	58
Ministry of Labour	11	10
Crown Corporation Employers' Association	-	2
	76,569	**82,401**

13. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been approved by the Board of Directors. These budgeted figures were included in ITA's 2014/15 Service Plan.

14. Comparative Figures

Certain comparative figures have been restated to conform to current year's presentation.